

1. Direct exports

This varies depending on whether you're selling products or services.

- For products, you market and sell directly to the client.
- For services, you negotiate, contract and work directly with the client.

It has advantages because it can:

- give a higher return on your investment than selling through an agent or distributor;
- allow you to set lower prices and be more competitive; and
- give you close contact with your customers.

It also has disadvantages, because:

- you don't have the services of a foreign intermediary, so you may need longer to become familiar with the market; and
- your customers or clients may take longer to get to know you, and such familiarity is often important when doing business internationally.

2. Indirect exports

Again, it depends on whether you're selling products or services.

- For products, you market and sell to an intermediary such as a foreign distributor. You can also retain a foreign agent or representative who does not directly purchase the goods.
- For services, you contract with an intermediary who then negotiates and contracts on your behalf. For many new exporters, an intermediary may be the best way to enter a market.

3. Partnerships/alliances

Another option is a partnership at home or abroad. A well-structured partnership can benefit both parties in the following ways:

- Your partner can complement your capabilities and provide the expertise, insights and contacts that may make the difference between success and failure.
- Each company focuses on what it does and knows best.
- Both partners share the risk.
- You can pool ideas and resources to help keep pace with change.
- You can approach several markets simultaneously.
- Your partner may provide technology, capital or market access that you might not be able to afford on your own.

Strategic alliances can also be very profitable. One of the easiest ways to export is to form an alliance with a company that has a product or service that complements your own. Then you can save money by using the other company's distribution and marketing expertise.

PITFALL

Poor alliances – the exporter pays too little attention to the qualifications of a foreign agent or distributor.

TIP

International trade includes a number of other market-entry mechanisms, such as investments, joint ventures and licensing agreements. For guidance on these, visit www.infoexport.gc.ca and click on *Our Offices in Canada*.